

ORIGINAL

Valley Utilities
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From: Maureen Scott
Sent: Friday, November 09, 2007 3:11 PM
To: Darron Carlson; 'Dick Sallquist'
Cc: Gordon Fox; Crystal Brown; Elijah Abinah; Gerald Becker; Chris Kempley; Janice Alward
Subject: RE: R/C and Accounting Order

Mr. Sallquist: I am attorney in the legal division who regularly works with Gerry Becker, and was shown a copy of your email. While I have not worked with you as other attorneys in the division have, I found your email to be insulting. The people in the Utilities Division work very hard and process a large number of cases in any given period of time. They deserve to be treated with the utmost respect. Many times they work overtime or try to squeeze 15 hours into each 8 hour day to accommodate people such as yourself. I cannot tell you how many times a day each of us here gets questions which we may consider to be "elementary" but we follow through with the inquiries we get and make sure that we treat all people we deal with respect. I think that an apology is in order. Maureen Scott

From: Darron Carlson
Sent: Friday, November 09, 2007 2:53 PM
To: 'Dick Sallquist'
Cc: Gordon Fox; Crystal Brown; Elijah Abinah; Maureen Scott; Gerald Becker
Subject: RE: R/C and Accounting Order

Dick, while it does not surprise me that you consider, at least 2 and as many as 300, Commission employees "mental giants", I thought you were intelligent enough to avoid letting us all know in such a careless manner. Commission Staff regularly avoids damaging descriptions when dealing with all customers - be they internal or external. Then again, at our age, we may lose our subtlety. In any case, if this was an accident and you did not intend us to see your comment - you are forgiven. If we were intended to see it, then thank you, it is always good to know how our customers really feel about us. Have a pleasant Veteran's Day long weekend.

Darron Carlson

From: Gerald Becker
Sent: Friday, November 09, 2007 8:15 AM
To: Elijah Abinah; Maureen Scott
Cc: Gordon Fox; Darron Carlson; Crystal Brown
Subject: FW: R/C and Accounting Order

Here is the electronic version of the email we discussed yesterday.

From: Crystal Brown
Sent: Thursday, November 08, 2007 3:06 PM
To: Gerald Becker
Subject: FW: R/C and Accounting Order

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Arizona Corporation Commission
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From:
Sent: Thursday, November 08, 2007 2:44 PM
To: Crystal Brown; jbecker@azcc.gov

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MM

2/7/2008

Cc: Bob Prince; Tom Bourassa
Subject: FW: R/C and Accounting Order

Crystal: Here is the info you requested. Jerry, please note that the AWC Decision you cited to me was in response to a completely different matter. The only similarity was that it had to do with Arsenic. AWC asked for the recovery mechanism, Valley is asking for a simple Accounting Order that will permit the Commission to consider these deferred costs at its next rate case. This is not related to Crystal's Plant/Financing matters. It was filed in May, long before the Well Emergency developed. Our Application is more akin to the Arizona-American Application granted in Decision No. 66386. Please review that Decision. I think you can adopt the holdings in that Decision as a template. We have not proposed any specific recovery mechanism at this point, and the Staff and Commission can rule on the merits of the cost and mechanism at that time. As you know if an expense pre-dates a Test Year, it normally can not be considered. This merely allows the Company to book that expense in accordance with GAAP and NARUC for consideration at the appropriate time. Neither the Staff nor the Commission are committing to any treatment at this time, but merely recognizing that it will be looked at later. We would appreciate having the Decision this year for 2007 accounting purposes. Let me know if we can help.

Thanks. Dick

From: Bob Prince [mailto:bobprince@vuwco.com]
Sent: Friday, November 02, 2007 4:15 PM
To: Dick Sallquist
Cc: 'Lisa Mycke'; 'Barbara Prince'
Subject: RE: R/C and Accounting Order

Dick: I'll get you the info ASAP.

Thanks,

Bob

From: Dick Sallquist [mailto:dick@sd-law.com]
Sent: Friday, November 02, 2007 2:42 PM
To: Bob Prince; Tom Bourassa
Subject: R/C and Accounting Order

Gentlemen: I just had the distinct pleasure of a Friday afternoon conference call from two of the mental giants at the Commission; Crystal Brown and Jerry Becker. Crystal was asking how much of the \$1.9 million WIFA loan had been drawn down at this time. She said this was for her analysis in the Rate Case. Becker was inquiring as to the expenditures to date on arsenic remediation for his analysis of the Accounting Order Application. He also said that the Staff was inclined to follow the Arizona Water Decision No. 66400. (Tom, have you reviewed this?) I reminded him that we were not looking for recovery of specific costs because we did not know them, but for an accounting order that would permit the deferral which would permit Staff's review, and possible Commission inclusion, in the next rate case. They do not seem to understand this-- what a surprise. Can you please provide the WIFA draws and your arsenic expenditures in as much detail as can easily be obtained so that I can give them to Staff early next week? Thanks. Dick